

## Message Text

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PAGE 01 NEW DE 06346 130642Z

11

ACTION OPIC-06

INFO OCT-01 NEA-09 ISO-00 EB-07 COME-00 TRSE-00 /023 W

----- 110942

P R 130521Z MAY 75

FM AMEMBASSY NEW DELHI

TO SECSTATE WASHDC PRIORITY 8637

INFO AMCONSUL BOMBAY

AMCONSUL CALCUTTA

AMCONSUL MADRAS

LIMITED OFFICIAL USE NEW DELHI 6346

E.O. 11652: N/A

TAGS: EINV, IN, XX

SUBJ: OPIC CONTRACT OF GUARANTY NO. 1396--MCNALLY'S PITTSBURG

MANUFACTURING CORP. (MCNALLY)

REFS: (A) STATE 105224 (B) NEW DELHI 5227

1. GOI MINISTRY OF FINANCE OFFICIALS CONFIRM THAT MCNALLY'S SHARES IN MCNALLY BHARAT ENGINEERING COMPANY LIMITED (BHARAT) ARE BEING DEPOSITED WITH NATIONAL AND GRINDLAYS BANK LIMITED, CALCUTTA, AS THE FIRST STEP IN THE PROCESS OF DILUTING MCNALLY'S EQUITY HOLDING TO COMPLY WITH THE SEPTEMBER 30, 1974 GOI ORDER. THE MINISTRY HAS NO INFORMATION, HOWEVER, CONCERNING THE PROPOSED PUBLIC OFFERING OF BHARAT SHARES MENTIONED IN REFTEL. WE WERE INFORMED THAT THE GOI WILL NOT CONSIDER THE MCNALLY DILUTION "EFFECTIVE" UNTIL THE PUBLIC OFFERING OF BHARAT SHARES IS COMPLETED AND SHARE ALLOTMENTS MADE.

2. WE ARE POUCHING COPIES OF THE RELEVANT GOI AND RESERVE BANK LAWS, REGULATIONS, AND GUIDELINES COVERING REMITTANCE OF DIVIDENDS ABROAD WHICH WERE IN EFFECT ON FEBRUARY 15, 1964.

3. WE STRONGLY RECOMMEND THAT, IF POSSIBLE, OPIC DELAY PROCESSING MCNALLY'S INCONVERTIBILITY CLAIM UNTIL WE MAKE A FINAL HIGH-LEVEL APPROACH TO THE FINANCE MINISTRY. INDIA'S RECORD ON REMITTANCE OF DIVIDENDS OF FOREIGN COMPANIES IS GOOD. FACED

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WITH THE POSSIBILITY OF AN OPIC CLAIM AND THE ATTENDANT BAD

PUBLICITY, THE FINANCE MINISTRY MAY WELL CONSIDER DELINKING  
THE MCNALLY REMITTANCE FROM THE ISSUE OF EFFECTIVE EQUITY  
DILUTION. ON THE OTHER HAND, PRECIPITATE PROCESSING OF THIS  
CLAIM MAY NEEDLESSLY ADD ANOTHER IRRITANT TO INDO-US RELATIONS.

SAXBE

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NNN

## Message Attributes

**Automatic Decaptoning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** INVESTMENT GUARANTEES, BUSINESS FIRMS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 13 MAY 1975  
**Decapton Date:** 01 JAN 1960  
**Decapton Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** greeneet  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1975NEWDE06346  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** D750167-0010  
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**Office:** ACTION OPIC  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
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**Review Authority:** greeneet  
**Review Comment:** n/a  
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**Review Date:** 05 AUG 2003  
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**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** OPIC CONTRACT OF GUARANTY NO. 1396--MCNALLY'S PITTSBURG MANUFACTURING CORP. (MCNALLY)  
**TAGS:** EINV, IN, XX, OPIC  
**To:** STATE  
**Type:** TE  
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